



U.S. TRADE IN PERSPECTIVE

U.S. Department of Commerce, International Trade Administration, Trade Development February 2001

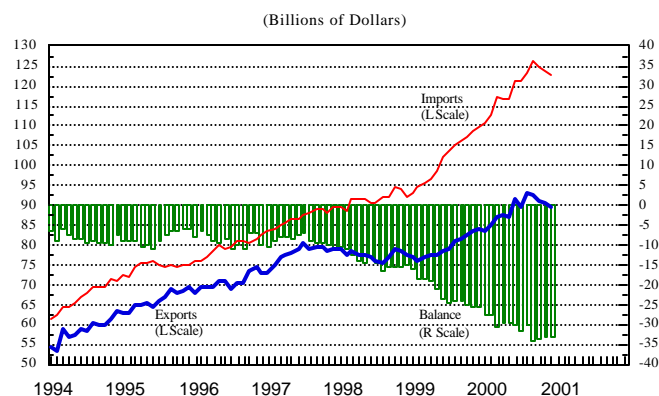


U.S. Exports And Imports Lower In December; Deficit Little Changed

Recent Developments: *U.S. exports of goods and services fell \$0.7 billion to \$89.8 billion in December 2000 and imports declined \$0.9 billion to \$122.8 billion. The trade deficit was \$33.0 billion, \$0.1 billion smaller than November's revised data.*

Trade Performance: In December, U.S. imports of goods decreased \$0.9 billion to \$104.1 billion. This drop was largely due to decreased imports of consumer goods (particularly pharmaceutical preparations, TV's and VCR's) and automotive vehicles, parts, and engines. Merchandise exports fell \$0.9 billion to \$64.9 billion, reflecting declines in industrial supplies and materials and capital goods (particularly semiconductors, telecommunications equipment, and civilian aircraft). The trade surplus in services increased \$0.2 billion from November to \$6.2 billion due to a increase in U.S. exports of other private services (which includes financial services and business, professional, and technical services) and travel.

U.S. INTERNATIONAL TRADE



Summary for 2000: Total exports of \$1,068.4 billion were up 11.7 percent from a year ago, while total imports of \$1,438.1 billion were up 17.8 percent. The goods and services deficit was \$369.7 billion, compared with a deficit of \$265.0 billion in 1999. For goods, exports were \$773.3 billion and imports were \$1,222.8 billion, resulting in a deficit of \$449.5 billion, \$103.9 billion more than the 1999 deficit of \$345.6 billion. For services, exports were \$295.1 billion and imports were \$215.3 billion, resulting in a services surplus of \$79.8 billion, \$0.8 billion less than the 1999 surplus of \$80.6 billion.

In 2000, the U.S. trade deficit was 3.7 percent of the gross domestic product (GDP). In 1999, the trade deficit was 2.8 percent of GDP, and, in 1998, it was 1.9 percent.

December Highlights:

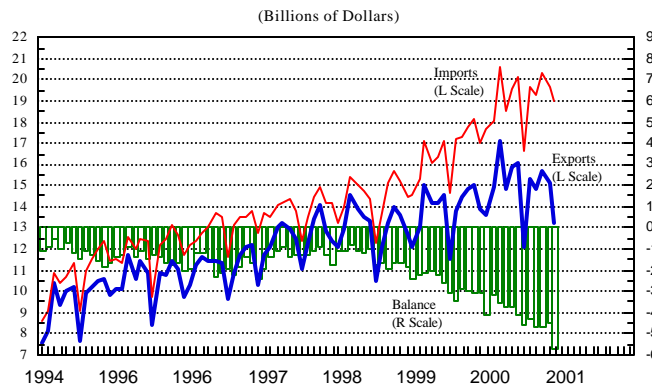
- The trade deficit with Canada (\$5.7 billion) was a record.
- For the full year, the U.S. deficit with China now exceeds the deficit with Japan.

Canada's Economic Outlook— Canada's strong vital signs bode well for the economy. Economic growth continues to be firm, the inflation rate remains low, and the unemployment rate has been edging downward since 1993. Forecasters expect the Canadian economy to grow near 3 percent in 2001, after about 5 percent in 2000.

Developments in International Trade--Boosted by a robust export performance, Canada's trade with the world reached C\$711.1 billion during the first eleven months of 2000, a 13.5 percent increase over the same period in 1999. During this period, Canadian exports totaled \$379.4 billion, an increase of 15.4 percent, and imports were \$331.8 billion, an increase of 11.5 percent. As a result, Canada had a trade surplus of about \$52 billion (annual rate) in 2000, which is up from \$34 billion the year before. Canada has traditionally had merchandise trade surpluses, particularly with the United States. The surplus has financed Canada's services trade deficit.

U.S.-Canada's Bilateral Trade Relationship

U.S. TRADE WITH CANADA

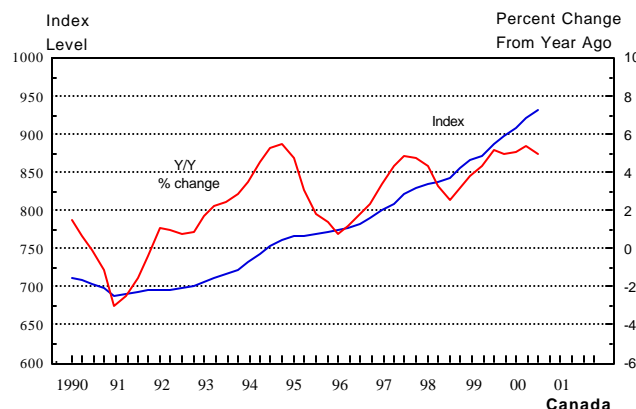


U.S.-Canada bilateral trade reached US\$408 billion during 2000, an 11.7 percent increase over 1999. For 2000, U.S. exports to Canada totaled \$178.8 billion, an increase of 7.3 percent over 1999, and U.S. imports were \$229.2 billion, an increase of 15.3 percent. The United States had a trade deficit with Canada of \$50 billion in 2000, up from \$32 billion the year before.

REAL GROSS DOMESTIC PRODUCT

Developments in Economic Growth

Canada's economy continues to advance at a strong pace. Real GDP rose a strong 5.0 percent in the third quarter of 2000 when compared to the same period in 1999. This marks the 21st straight quarterly increase in output.



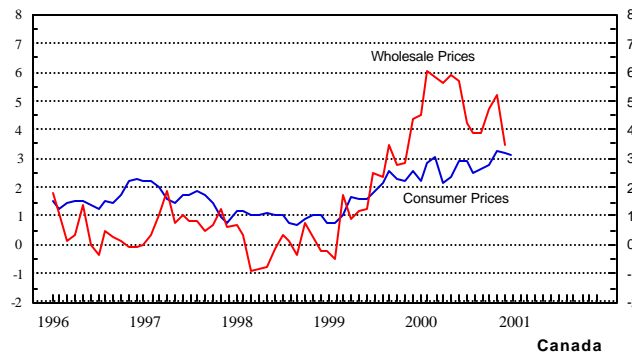
Over the last decade, the Canadian economy has become more dependent on exports. In 1990, exports were just over 24 percent of real GDP; since then the export share has risen to 42 percent. Imports, as a share of GDP, have about matched that of exports, totaling 41 percent recently.

Developments in Inflation

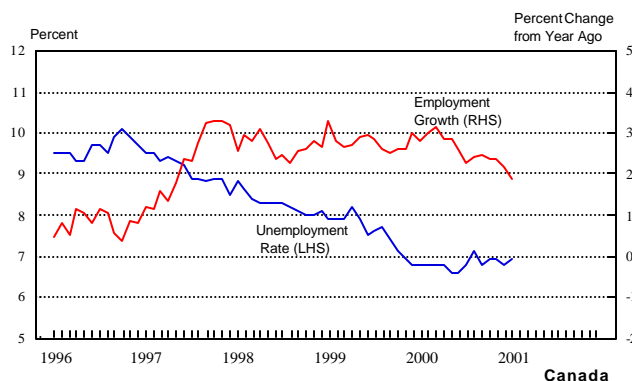
Consumer prices inflation rose to 3.1 percent in January 2001 from only 1 percent two years earlier. The rise in wholesale prices has been even larger, though slowing in recent months.

INFLATION RATES

(Percent Change from Year Ago)



LABOR MARKETS



Developments in Labor Markets

In January 2001, the rate of unemployment was 6.9 percent, a level that has changed little over most of the past year. The labor market in Canada, however, has improved dramatically since the fall of 1996 when the rate of unemployment was just over 10 percent. This has been a result of the strong economic growth during the period.

Developments in Financial Markets

The Toronto stock market has declined from the highs in the summer of last year, much as have many of the world's markets. Nevertheless, the Canadian market has risen some 80 percent since early 1996.

Interest rates have come down in recent months, with both the 10-year bond and money market rates currently at 5-1/2 percent.

TORONTO STOCK MARKET

